

## FISCAL IMPACTS OF LAFCO PROPOSALS

It is a LAFCO requirement that applicants provide information regarding the fiscal impacts of proposals upon affected local agencies. Affected agencies usually include the city, county, special districts and elementary and high school districts. The LAFCO executive officer should be contacted regarding which types of districts should be included in the analysis.

### **Fiscal Years**

Analysis should be performed for the fiscal year in which the project is proposed to be built, as well as five years and ten years from this base fiscal year (example: FY 2005, 2010 & 2015). The year (or estimated year) of annexation should be used as the base year, if the project construction date is unknown.

### **FISCAL IMPACTS TO COUNTY GOVERNMENT:**

The County Office of Budget and Analysis publishes a "Five Year Financial Projection of the General Fund". This document published in March/April every year, projects County General Fund expenditures and revenues for a five-year period. These projections should be used in estimating the fiscal impact of the proposed development upon Santa Clara County Government.

### **Methodology**

1. Determine the number of residents / employees generated by the proposed development.
2. Obtain ABAG population and employment projections for Santa Clara County.
3. Service population is equal to the total population plus one half of total employment.
  - 3a. Calculate service population generated by the proposal based on the population and employment generated by the proposal
  - 3b. Calculate service population of the County based on the population and employment of the entire County
4. Obtain the projected County General Fund expenditures and revenues for the base year from the "Five Year Financial Projection of the General Fund" published annually in March/April by the Santa Clara County Office of Budget and Analysis (OBA).
5. Estimate the expenditures and revenues for five years and ten years from the base year based on average growth over the five-year period in the OBA projections.
6. Calculate the total General Fund Impact (Difference between Expenditures and Revenues) for the three years i.e., base year, + 5 years, + 10 years.

7. Determine the General Fund Impact per capita for the three years. (General Fund Impact Per Capita = Total General Fund Impact / Total County Service Population)
8. Calculate the net fiscal impact to the County General Fund as a result of the change in service population for the three years. (Net Fiscal Impact = Generated Service Population \* General Fund Impact Per Capita)

### County Fiscal Impacts

	Base Year	+5 years	+10 years
<b>Population Projections</b>			
Population and/or Employment Generated by Proposal			
Proposal Generated Service Population			
County Population and/or Employment			
County Service Population			
<b>County General Fund Expenditure and Revenue Projections</b>			
Expenditures For County			
Revenues For County			
Total General Fund Impact			
<b>Fiscal Impact of Proposal</b>			
General Fund Impact per Capita			
<b>Net County General Fund Impact due to Proposal</b> Surplus (Deficit)			

### FISCAL IMPACTS TO THE CITY AND OTHER AFFECTED SPECIAL DISTRICTS / SCHOOL DISTRICTS

These agencies should be contacted directly to receive information regarding potential fiscal impacts to the agency as a result of the annexation/development proposal. The fiscal impacts to affected agencies other than the County should be analyzed for the same base years and should be formatted in a cost vs. revenue manner.

You may contact the LAFCO office, at (408) 299-5127, if you have any questions regarding the fiscal impact analysis process or if you would like a sample copy of a fiscal impact analysis report.